

September 6, 2007

**RESPONSIBILITIES OF THE COUNTY OR STATE ASSESSOR AND THE
PROPERTY ASSESSMENT DIVISION OF THE DEPARTMENT OF REVENUE IN
THE DEVELOPMENT OF THE REAL PROPERTY SALES FILE**

Purpose. To advise the assessor and the Property Assessment Division (Division) of the Department of Revenue of their responsibilities in the development of the sales file each assessment year. The Division has documented the process used for the electronic process of transferring supplemental information for one or more classes of real property which specify the sales file procedure that will be followed.

Procedure and Implementation. Neb. Rev. Stat. Section 77-1327(1) (R. S. Supp., 2007), states that "it is the intent of the Legislature that accurate and comprehensive information be developed by the Property Tax Administrator and made accessible to the taxing officials and property owners in order to ensure uniformity and proportionality of the assessments of real property valuations in the state in accordance with law." Subsection (2) provides that all transactions of real property for which a real estate transfer statement is required shall be available for the development of a sales file by the Property Tax Administrator. All transactions with stated consideration of more than one hundred dollars (\$100.00) or upon which more than two dollars and twenty-five cents (\$2.25) in documentary stamp taxes are paid shall be considered sales. In turn, all sales shall be considered to be arm's-length transactions unless determined to be otherwise using professionally accepted mass appraisal techniques.

Additionally, Neb. Rev. Stat. Section 77-1327(3) (R. S. Supp., 2007), requires the Property Tax Administrator to develop comprehensive ratio studies from the sales file. The ratio studies shall be used by the Property Tax Administrator to assist in measuring the level of value and quality of assessment for equalization purposes and to assist in establishing school adjusted valuations under Neb. Rev. Stat. Section 79-1016 (R. S. Supp., 2007). The ratio studies may also be used by assessors in determining assessment actions in the county. The Division has developed a statewide sales file database, which is a complete record of real property sales, as reported to the Division, for a stated time frame, to achieve compliance with the requirements of this directive.

TERMS DEFINED

For the definition of the terms used in this directive, reference should be made to Sales File Regulations, REG-12-002. For purposes of this directive, a transfer is deemed to be a sale in the sales file when the information from the Form 521 data and supplemental worksheets are entered into the state's sales file.

Sales roster shall mean a roster that contains all sales that are in the sales file for specific dates. Upon request rosters can be requested at any time. These rosters are a mechanism to update and correct sales that have occurred within the study period. To ease the processing of the data, the Division has established the following specific timeframes for sales rosters to be provided:

Bi-Annual: Counties will receive a sales roster in September and November.

Summer: this roster is optional and will only be provided upon request. The summer roster is intended for the assessor to provide the current assessed values on sales that have occurred during the last year of the current timeframe (July 1 to June 30) so the **bi-annual sales roster** and accompanying Statistical Reports will contain the most current assessment information.

Sales Change Request Form is available to make corrections in the sales file when there is no current roster available.

Additionally, the classification of a sale into a major class of real property shall be based upon the following definitions:

Residential for purposes of the sales file, shall mean a *sale* of real property classed by the assessor with a Property Classification Code of 01, 06, or 07 on the supplemental worksheet.

Commercial for purposes of the sales file, shall mean a *sale* of real property classed by the assessor with a Property Classification Code of 02, 03, or 04 on the supplemental worksheet.

Agricultural for purposes of the sales file, shall mean a *sale* of real property classed by the assessor with a Property Classification Code of 05 on the supplemental worksheet.

SCHEDULE FOR INFORMATION

The Division will make every effort to keep counties who electronically transfer data on the same relative schedule as outlined. The following timeline shall be used to develop the statewide sales file for each assessment year:

On or before the **second Monday in September** of each year, the Division will complete the data entry of all copies of the Real Estate Transfer Statements, Forms 521, and supplemental and division reviewed information for all deeds filed before July 1, that were received by the Division on or before July 31 of the subject year. The Division shall also complete the data entry of correction information supplied by the assessor, on rosters provided to the assessor.

On or before the **second Friday in September** of each year, the Division shall provide to each assessor a copy of the first **bi-annual sales roster** in county, book, and page order, and the DRAFT

Statistical Reports. The ***bi-annual sales roster*** and the DRAFT Statistical Reports shall reflecting data contained in the sales file as of the **second Monday in September**.

The assessor shall review the first ***bi-annual sales roster*** for any errors such as incorrect parcel identification numbers, property classification, and verify that the assessed valuations at the time of sale and for the current year are correct.

The assessor may protest the adjustments, qualification or non-qualification of any sale in the sales file only if the Department of Revenue changed the qualification of the sale as determined by the assessor. See, REG 12-004.

On or before the **second Friday in October** of each year, the assessor shall mail or deliver to the Division the first ***bi-annual sales roster*** with all corrections made in red on the roster. Only those pages with changes need to be submitted.

On or before the **first Monday in November** of each year, the Division shall complete the data entry necessary for completion of the second ***bi-annual sales roster***. This second bi-annual roster shall include all corrections submitted from the first bi-annual roster and sales information for sales through June 30 of the subject year, and received by the Division on or before the **second Friday in October of the subject year**.

On or before the **second Thursday in November** of each year, the Division shall provide to each assessor the second ***bi-annual sales roster***. The Division shall provide DRAFT Statistical Reports reflecting data contained in the sales file as of the **first Monday in November** of each year.

The assessor shall review the second ***bi-annual sales roster*** for any errors such as incorrect parcel identification numbers and property classification and verify that the assessed valuations at the time of sale and for the current year are correct.

The assessor may protest the adjustments, qualification or non-qualification of any sale in the sales file only if the Department of Revenue changed the qualification of the sale as determined by the assessor. See, REG-12-004.

On or before the **first Friday of the first full week in December** of each year, the assessor shall mail or deliver to the Division the second ***bi-annual sales roster*** with all corrections made in red on the roster. Only those pages with changes need to be submitted.

The Division will provide DRAFT Statistical Reports with the first and second bi-annual rosters in order to facilitate the assessment process. The DRAFT reports will provide an indication of the statistical calculations based on data in the sales file as of the **second Monday in September**, and the **first Monday in November**. The DRAFT Statistical Reports will be provided to the assessor in the format requested.

The reference to DRAFT is intended to signify that the statistics are based on a sales file that is in the process of being corrected and that they may not be a reliable indication of the level of value and quality of assessment for any class of real property in any county. The Division is providing DRAFT Statistical Reports based upon a predominant number of assessors requesting such information. Additionally, during the process for the development of the sales file, statistical reports of level of value and quality of assessment for each class of property shall be available to assessors during the period of October through March.

PRELIMINARY STATISTICAL REPORTS

On or before the **fourth** Friday in January of each year, the Division shall provide to each assessor and the Tax Equalization and Review Commission the Preliminary Statistical Reports for the following classes of real property:

For **residential** real property, sales occurring on or after July 1 through June 30 for the two (2) years ending on June 30 of the year prior to the issuance of the Reports and Opinion, and for **agricultural** and **commercial** real property, sales occurring on or after July 1 through June 30, for the three (3) years ending on June 30 for the year prior to the issuance of the Reports and Opinion.

These preliminary statistical reports shall be made a part of the Property Tax Administrator's Reports and Opinions filed pursuant to Neb. Rev. Stat. Section 77-5027 (R.S. Supp., 2006).

On or before **the fourth** Friday in, January of each year, the Division shall provide to each assessor a qualified sales roster and a non-qualified sales roster. The assessor shall retain these rosters for their information and use throughout the current year assessment process.

ASSESSMENT

On or before **the fourth** Friday in January of each year, the Division shall provide to each assessor the Assessed Value Update (AVU), which is a listing of all qualified sales in the sales file. The AVU shall be used to report the current year's assessed valuation of each item of real property in the sales file. The AVU is part of the current year's County Abstract of Assessment of Real Property, Form 45.

The assessor shall determine the assessed value of all taxable real property in the county for the current assessment year and shall prepare and provide to the Division the current year AVU.

The County Abstract of Assessment of Real Property (including the AVU) is due **on or before March 19** (if the final filing date for such report falls on a Saturday, Sunday, or legal holiday, the next business day shall be the final filing date).

On or before nineteen calendar days following the final filing due date for the abstract of assessment for real property, the Property Tax Administrator shall prepare for the Tax Equalization and Review Commission, narratives and statistical reports along with certified opinions of the level of value and quality of assessment in each county as required by Neb. Rev. Stat. Section 77-5027(3) (R.S. Supp., 2006).

REVIEW OF SALES QUALIFICATION

The qualification of a sale begins with the statutory presumption that all sales with stated consideration of more than one hundred dollars (\$100.00) or with more than two dollars and twenty-five cents (\$2.25) in documentary stamp taxes paid are arm's-length transactions and will be included in the sales file.

If the assessor obtains information that has a bearing on the adjustment or exclusion or inclusion of the transaction to the sales file, the assessor shall document the information and report it to the Division using the Sales Change Request form.

If the assessor does not obtain information dealing with a sale's inclusion as an arm's-length transaction, then the statutory provision for automatic inclusion of the sale shall apply.

In conducting its review of the qualification of sales in the sales file, the Division shall operate under the presumption that the assessor is correct in indicating whether a sale should be included or excluded from the sales file as an arm's-length transaction based on professionally accepted mass appraisal techniques. The Department of Revenue, shall overturn the assessor if the assessor has not met the requirements of Neb. Rev. Stat. Section 77-1327(2) (R. S. Supp., 2007) for exclusion of the sale.

DEVIATION FROM DIRECTIVE

An assessor may request, from the Property Tax Administrator, a deviation from the requirements of this Directive. The request must be in writing and shall state the reasons for the deviation. If the deviation involves a request to submit the information in a format not specified in the Directive, then the assessor shall state the manner in which the required information will be supplied. If the transmission of the data is done electronically, the assessor must submit the data in the format prescribed by the Division. If the deviation involves a request to delay submission of information, the assessor shall state the date that the information will be submitted. The request for deviation shall be mailed to the Property Tax Administrator thirty days prior to the date from which the

assessor is requesting deviation. The Property Tax Administrator shall grant or deny the request for deviation in writing stating the reasons for his or her action.

DATA REQUESTS FOR ASSESSMENT STRATEGIES

The assessor may request queries of the database including adjustments to the assessed values, additional rosters and statistical reports. These requests shall be in writing and signed by the assessor. The requests may be hand delivered, mailed, e-mailed or faxed to the Division.

ENFORCEMENT OF THE DIRECTIVE

Pursuant to Neb. Rev. Stat. Section 77-1330 (R. S. Supp., 2007), the Division may take corrective action if any county official violates any directive of the Division.

APPROVED:

/s

Douglas A. Ewald
State Tax Commissioner
September 6, 2007

This is a PDF document from the Nebraska Dept. of Revenue Property Assessment Division's website www.pat.ne.gov.